

VZCZCXRO1084
RR RUEHBZ
DE RUEHYD #0386/01 0870906
ZNR UUUUU ZZH
R 280906Z MAR 07
FM AMEMBASSY YAOUNDE
TO RUEHC/SECSTATE WASHDC 7512
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHHH/OPEC COLLECTIVE
RUEHGI/AMEMBASSY BANGUI 0124
RUEHBZ/AMEMBASSY BRAZZAVILLE 0051
RUEHKB/AMEMBASSY KINSHASA 0918
RUEHLC/AMEMBASSY LIBREVILLE 1497
RUEHMA/AMEMBASSY MALABO 0187
RUEHNJ/AMEMBASSY NDJAMENA 1451
RHMFISS/HQ USEUCOM VAIHINGEN GE
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 YAOUNDE 000386

SIPDIS

SENSITIVE
SIPDIS

DEPT ALSO FOR AF/C AND EB
LONDON AND PARIS FOR AFRICA ACTION OFFICERS
EUCOM FOR J5-A AFRICA DIVISION AND POLAD YATES

E.O. 12958: N/A
TAGS: [KCOR](#) [EPET](#) [EFIN](#) [ECON](#) [CM](#)
SUBJECT: EITI: CAMEROON'S OIL REVENUES COME OUT OF THE
DARKNESS

REF: YAOUNDE 382

YAOUNDE 00000386 001.3 OF 002

SENSITIVE BUT UNCLASSIFIED. NOT FOR DISTRIBUTION OUTSIDE USG
CHANNELS.

11. (SBU) Summary. Cameroon's participation in the Extractive Industries Transparency Initiative (EITI) process has meant unprecedented transparency into the accounts of the National Hydrocarbon Company (SNH) -- worth as much as \$1.4 billion annually--but important short-comings remain. After sometimes heated discussions with representatives from civil society and the World Bank, the Government of Cameroon (GRC) has agreed to provide more detailed information in future reports. We already know that the FY05 reconciliation report (due to be released on March 23) will have some limitations and that the FY06 report (due in 2008) will reveal at least \$48 million in extra-budgetary spending (reftel), but the EITI process has thus far provided critical leverage for domestic and international advocates of improved allocation of Cameroon's natural resource wealth. End summary.

12. (SBU) Poloffs met during the week of March 19 with representatives from the World Bank and the Publish What You Pay (PWYP) coalition of civil society organizations and with Alfred Bagueka Assobo, the head of the GRC's EITI working group, to solicit views on Cameroon's implementation of the EITI process. All sides agreed that Cameroon's participation thus far represents a significant departure from the traditional secrecy that cloaked the handling of oil revenues. Nevertheless, the release of the FY04 reconciled accounts in December 2006 unleashed a heated debate among the GRC, the IFIs, and civil society, with the PWYP coalition releasing a January 10, 2007 statement criticizing the GRC's participation as below the standard set by many other African countries.

13. (SBU) The various parties exchanged views during a March 3-5 conference arranged by PWYP, resulting in the GRC's commitment to broaden and deepen the information provided in future reports. Specifically, the GRC promised to

disaggregate the payments made to the GRC on a company-by-company basis, to increase the number of companies required to report their information (to include signing and exploratory payments), to include the numbers from SONARA, the national oil refinery, and to engage in a publicity campaign to stimulate discussion and debate of the EITI process outside of expert circles. The GRC has further committed to PWYP and the World Bank to better manage the involvement of civil society, including such mundane but critical factors as the timely provision of meeting materials and reports to ensure an informed participation from all stake-holders. According to Bagueka Assobo, some of PWYP's demands -- for more accountability from the general treasury, for example -- might be salutary in principle, but fall outside the scope of EITI.

¶4. (SBU) Comment. Cameroon's oil sector has traditionally been so opaque that even a whiff of accountability is noteworthy. Until about 2003 it was generally understood that SNH funds belong not to the treasury, but to the Presidency. The problem has not been so much with SNH itself--in fact we receive frequent glowing reports of SNH's professionalism from American firms--but with the manner in which the Presidency treated SNH as a discretionary slush fund. The PWYP coalition is right to demand increased transparency and more robust compliance with the letter and spirit of the GRC's EITI commitments. The pressure from PWYP and the international community (especially in the run-up to HIPC process completion point) was the driving force behind the GRC's participation in EITI, and there can be little doubt that the Presidency will again treat SNH as a personal kitty if domestic and international pressure slackens. We will continue to seek ways to support civil society and other agents who agitate for increased transparency and accountability in the disposition of national oil receipts, but we should also not shy away from saluting the progress

YAOUNDE 00000386 002.3 OF 002

already made. End comment.
MARQUARDT